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NSC review completed

EAST-WEST POLICY STUDY

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EAST-WEST POLICY STUDY

EXECUTIVE SUMMARY

1. Overview: The Present Situation and Future Prospects

The Soviet-American relationship will be entering a new and dangerous phase during the coming decade, independent of any major US policy changes. Increased Soviet power threatens the free and open international order the U.S. has sought to maintain throughout the postwar period. The most urgent dangers are: (1) Soviet use of its own and proxy forces to acquire new strategic advantages, particularly in politically unstable but vital regions; and (2) Soviet efforts to divide the US from its major allies through a combination of threats and inducements.

In this setting, our East-West policy will be based on the following premises: (1) that the East-West competition reflects fundamental and enduring conflicts of interests, purpose and outlook; (2) that the US should move beyond its passive post-Vietnam foreign policy and provide greater leadership to enable the West to compete more effectively; (3) that over the near term, given the legacy we have inherited, we often will have to compete with the USSR under unfavorable circumstance; and (4) some positive interactions and negotiations with Moscow are possible and desirable and can help to sustain a consensus both at home and abroad in favor of a more competitive posture.

Our ability to meet this challenge will have to be based on a long-term effort to rebuild American and Western power and willingness to assume higher risks in defending our interests. We cannot reverse trends favoring the Soviet Union overnight; to do so at all will require considerable patience and resourcefulness. In the short term, we must make use of our existing assets more efficiently by taking advantage of special areas of American and Western strength, while exploiting Soviet weaknesses and vulnerabilities.

US global strategy must improve our position by joining American strength to that of allied and friendly countries. We should draw on an informal but interlocking coalition of European and Asian allies, our strategic association with China, and our partnerships with key "Third World" countries. The US must be the fulcrum of this structure, providing the leadership needed to integrate Western assets and defend vital Western interests. On this basis we can ensure a sustainable internationalist US foreign policy for the 1980s.

We recognize that it often will be difficult to generate adequate support from our allies and friends for US policies toward the Soviet Union. The US goals enumerated in the study represent our desiderata. We recognize that it will be necessary to make some adjustments in US positions in working out compromises with our allies on East-West issues. Some US interests will be of sufficient importance that we will need to act unilaterally in pursuing particular courses of action. The NSC therefore should commission an urgent study on Major Alliance Relationships, developing a detailed strategy and tactics for dealing with our allies, both in Europe and in Asia, in the pursit of major US political, economic and military objectives. The NSC also should establish a Standing IG to ensure proper implementation of the decisions flowing from the East-West study.

The Soviet Union will act vigorously to protect and expand its position against a newly assertive American foreign policy; it has a great many instruments for doing so. We should avoid unnecessary confrontations and take account of vital Soviet interests in devising means for countering aggressive Soviet behavior. But this should not keep us from competing forcefully with the USSR in defense of our own interests. We cannot buy time by accommodation; such a course also would mislead our public and our allies as to our purposes and steadfastness. Moscow is likely in any case to take actions that challenge our interests and the costs of accepting aggressive Soviet behavior are simply too high.

The long-term weaknesses of the Soviet Union, the economic and political strengths of the West and the mandate embodied in the November elections encourage us to believe that an effective policy toward the Soviet Union is within our reach as long as we make full use of our strengths. Yet the material costs and political difficulties must not be understated. Large and continuing economic burdens for defense must be patiently and skillfully defended before the Congress and the public. We will have to create and enlarge relationships with states that are critical Soviet targets or strategically decisive. Finally, regaining the initiative will sometimes require that we accept immediate risks in order to avoid greater albeit more long-term ones. For example, security assistance to endangered allies and friends at this time can avoid more serious problems later.

A strong consensus both at home and abroad will be crucial to sustaining these policies. We also will have to take the lead on issues of critical importance, without letting uncertainty over the extent of domestic or

allied support deprive us of essential freedom of action. Success will depend on a strong sense of priorities and on effective leadership.

II. Soviet Strengths and Weaknesses

Management of the East-West relationship requires a dispassionate tallying of Moscow's strengths and weaknesses. Over the near term, the Soviet Union possesses several distinct advantages in its competition with the United States: First, it enjoys, and in the short term will increase its significant military advantages in key regions, accompanied by a greatly improved nuclear balance; second, it is in a position to exploit instability in many areas of the developing world crucial to Western interests, particularly the Persian Gulf; third, it has built up a network of allies, clients and proxies throughout the Third World; fourth, from their recent use, Soviet armed forces and those of its allies and proxies are gaining operational self-confidence and an enhanced capacity for intimidation; fifth, it can play upon a residual Western attachment to detente to separate the US from its allies; and sixth, Moscow can pursue its objectives in relative freedom from domestic political constraints and dependence on foreign resources.

At the same time the Soviets must contend with a number of liabilities: First, Soviet economic growth will continue to stagnate in this decade for reasons inherent in the system itself; second, the USSR is on the verge of a wholesale leadership change that could hamper the conduct of foreign policy; third, all the industrial democracies and China are hostile to the USSR, which threatens their security interests; fourth the Soviets may increasingly suffer from imperial overextension, due to the weaknesses of Soviet proxies and dependents and the instability of Eastern Europe, if the West shows sufficient resistance; and finally, Marxism-Leninism is a bankrupt ideology which fails to answer the needs either of the people it is purported to serve or of the developing nations in the Third World.

Unfortunately, these long-term liabilities do not lessen the dangers that we now face. Indeed, the combination of short-term strengths and long-term weakness may prompt the Soviets to capitalize on their advantage now. The Soviets may regard the energy vulnerability of the West and their own ability to exploit military power for political purposes in the Persian Gulf area as an opportunity of historic proportions to cripple the Western alliance once and for all. Moscow's long-term problems will be of little

benefit to us unless we can defend our interests over the short-run and establish trends favorable to us.

III. U.S. Policy Toward East-West Relations

The overriding objective of U.S. policy toward the Soviet Union is to blunt and contain Soviet imperialism. This goal involves appreciably increasing costs and risks of Soviet expansionism and, to the extent feasible, encouraging democratic processes in the USSR.

This Administration will pursue the following goals with regard to the Soviet Union:

A. Restoring a satisfactory military balance.

Because military power is a necessary basis for competing with the Soviets effectively, US forces will have to be increased across the board. The Soviets have widened their existing superiority in conventional forces in Europe, Asia and the broad Persian Gulf/Middle East region, supplementing them with a network of proxies in the Third World. This has occurred against the backdrop of a shift in the strategic and theater nuclear balances, which weakens deterrence and the US strategic commitments on which it is based.

Military modernization must emphasize the procurement of systems which take advantage of American strengths and exploit Soviet vulnerabilities, including those of Soviet proxies.

o Nuclear Forces. The overall nuclear balance is not satisfactory, and our programs of strategic and theater modernization are not yet, even in combination, adequate to redress the balance. At a minimum we need to restore the nuclear balance and to improve the ability of these forces to support US deterrent commitments. Nuclear force improvements should be gauged not simply by static quantitative measures, but also by qualitative factors, such as C³I, that have a practical military significance, i.e., that provide enduring capability to destroy targets of military significance. Consideration of effective antiballistic missile systems also should be considered.

o Regional Forces. The forces of the US and its allies are insufficient to meet common security needs. Accordingly, the US must modernize and expand its conventional force structure with emphasis on four areas. First,

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in cooperation with our allies and regional nations, we must work to create capabilities adequate to meet the full array of Soviet and regional threats, above all in the Persian Gulf area. We must improve our own capability to utilize access to local facilities already obtained, working steadily for gradual increases as regional nations gain more confidence in us. Second, we must reverse the deterioration of regional balances in Europe and Asia. Third, the US must establish an improved margin of maritime superiority to put at risk the global Soviet navy and to strengthen our capacity to manage the regional crises. Finally, the US should improve its arms transfer capability by making additional resources available on a timely basis to meet the needs of regional allies threatened by the Soviets or their proxies.

Our arms control policy must be an integral element of our national security policy. The US should pursue a realistic arms control policy aimed at verifiable agreements that directly enhance national security by limiting those Soviet systems which are most threatening to us and facilitating our force modernization plans. Disarmament or restrictions on new technologies for their own sake should be eschewed, as well as agreements negotiated simply to improve the atmosphere of superpower relations. Instead, we need to set tougher substantive standards that challenge the Soviets to accept true parity at reduced levels and prepare both US and European public opinion to accept no agreements at all if these are not met. The US needs to establish the primacy of our own military programs as the basis for assuring security; indeed , this is the only way we can expect to achieve meaningful limits on Soviet weaponry. We should recognize that this arms control strategy may make it unlikely that negotiated agreements will be achieved in the short run.

B. Defending Western interests in areas of instability.

The greatest danger of Soviet use of military force, either directly or by proxy, arises in the Third World. The US must break out of its post-Vietnam passivity and adopt a counter-offensive strategy that seizes the initiative from the Soviets by opposing them and their proxies, where possible at times and places of our own choosing. Such a strategy would seek to discourage the further use and growth of the proxy network by driving up both risks and costs of Moscow's Third World involvements, by exploiting the vulnerabilities of Soviet proxies and by weakening their Soviet connection through appropriate use of incentives and disincentives. Many of these regimes are narrowly based with severe ethnic, social, sectarian and economic problems.

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Afghanistan, Cuba, South Yemen, Libya, and Ethiopia represent particularly important points of Soviet exposure. On an ideological plane, the US should put the spotlight on the aggressive activities and internal shortcomings of Soviet proxies and keep them on the defensive. This counter-offensive strategy must be carefully tailored in light of regional, political and cultural realities.

We also should seek to preempt Soviet opportunism through timely political action and constructive economic policies to prevent instability, promote prosperity and resolve disputes. Our concerns for security and peaceful progress are mutually reinforcing. It is essential that the United States continue to present a positive alternative to the arms and repression that the Soviet Union offers to the Third World, while understanding that our support for some types of political and economic reform can generate instability which can be exploited by Moscow.

Given our present constraints, we need to set priorities among US interests in the Third World. Above all, the US and its allies must be able to defend Western interests in the strategic Persian Gulf and Near East area. We, together with our allies and regional friends, need capabilities adequate to protect Western access to oil against direct challenge and to respond to the politically disruptive shadow cast by Soviet power. Horizontal escalation may be a useful stop-gap but cannot itself be counted on to deal with the threat as the Soviets have such options of their own. We must expand cooperation with allies outside of the region and with regional friends that are capable of countering Soviet proxies. But our experience in Iran indicates that there is no substitute for direct U.S. power projection and such cooperation is likely to be achieved only if the US can demonstrate its own increased capability and commitment to help its friends.

Our counter-offensive strategy should be applied at once to Afghanistan. We should with other states combine intense political pressure for a total Soviet withdrawal, appropriate encouragement to Afghan freedom fighters, major security assistance to Pakistan and a concerted political program to illuminate Soviet aggressive behavior in the Third World.

Finally, our emphasis on the Persian Gulf should not obscure our enduring interest in other parts of the developing world, particularly the current volatile Central American area, the ASEAN states and southern Africa.

West-West quarrels of the sort that plagued the last administration; If there are hard times ahead with Moslow, they should benefit; no harm the alliance. We must ure European leaders to work actively toward reducing the political constraints on their defense policies and to join us in countering Moscow.

Our key goals in Europe are:

- o To improve and enlarge consultation and coc dination with our allies; particularly on issues ou sic Europe.
- the common defense, both in Europe and in areas vitil to the alliance. The US must provide defense lead rship and a nuclear umbrella, but the allies must do more in strengthening conventional forces and sustaining LRTNF modernization. We will have to seek a redefinition of the "div sion of labor."
 - o To achieve agreement among allies on an arm control strategy we should meet the allied political ne d i r a visible arms control process, and to use that process to deconstrate US commitment and soviet resistance to parity, arms reduction and effective, ver fiable arms control, while essuring that negotiations do no interfere with NATO moderniation. In particular, while maintaining a deliberate track for negotiating LRTNF arms control, we must resist delays in modernization and deployments.
 - o To prevent Western economic dependence, particularly in energy, on the Soviet bloc, to take collective action to prevent the emergence of future vulnerabilities and to reinforce Western ties. We must put major pressure on the Europeans to minimize the strategic implications of the proposed European/Soviet gas pipeline. Common policies are needed on export credits and technology transfer. The coverage and effectiveness of COCOM rules should be improved.

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o To achieve greater understanding of US policical, economic and defence policies by European public and parliamentary opinion, especially among the "successor generation" of Europeans.

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C. Improving Cooperation with our European Allies.

The US must forge a new alliance consensus for its strategy towards the Soviet Union, against the background of European doubts about American leadership, extensive economic links with the Soviet bloc, energy dependence on the Middle East and fear of Soviet power. We should avoid West-West quarrels of the sort that plagued the last administration; if there are hard times ahead with Moscow, they should benefit, not harm the alliance. We must urge European leaders to work actively toward reducing the political constraints on their defense policies and to join us in countering Moscow.

Our key goals in Europe are:

- o To improve and enlarge consultation and coordination with our allies, particularly on issues outside Europe.
- o To increase our allies' commitment of resources to the common defense, both in Europe and in areas vital to the alliance. The US must provide defense leadership and a nuclear umbrella, but the allies must do more in strengthening conventional forces and sustaining LRTNF modernization. We will have to seek a redefinition of the "division of labor."
- o To achieve agreement among allies on an arms control strategy we should meet the allied political need for a visible arms control process, and to use that process to demonstrate US commitment and Soviet resistance to parity, arms reduction and effective, verifiable arms control, while ensuring that negotiations do not interfere with NATO modernization. In particular, while maintaining a deliberate track for negotiating LRTNF arms control, we must resist delays in modernization and deployment.
- o To arrest growing European economic dependence, particularly energy, on the Soviet bloc, to take collective action to prevent the emergence of future vulnerabilities and to reinforce Western ties. The proposed European/Soviet gas pipeline is not in our interest and should be handled to avoid further European vulnerability. Common OECD policies are needed on export credits and technology transfer. The coverage and effectiveness of COCOM rules should be improved. These policies also will require a consistent US policy of denying the Soviets important economic support.

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- o To achieve greater understanding of US political, economic and defense policies by European public and parliamentary opinion, especially among the "successor generation" of Europeans.
- D. <u>Developing the Potential of East Asian Allies</u> and Friends.

East Asia has enormous economic capability, but is militarily weak. Both Japan and China will face major difficulties in realizing their very large growth potential as counter-weights to Soviet power. As they do so, US policy will aim to increase the security of the region against outside pressures and interference and to preserve balance among the East Asian powers. We can reach this goal by encouraging the strengthening of friendly regional states, while recognizing that their power cannot become a substitute for that of the US. We will need to continue to play a crucial balancing and integrating role.

Japan and China have the greatest potential.

- o In light of Japan's key role as an ally and the world's second largest economic power, we should afford Tokyo equal status and treatment with our NATO allies, consult closely with the Japanese and encourage recent trends toward greater Japanese engagement in global issues. Japan should play a greater role in areas of common alliance concern outside East Asia through supportive diplomacy and economic assistance. While reconfirming our commitment to Japanese security, we also will encourage the acquisition of a military capability by Japan to provide for its defense, within its constitutional constraints, in such critical areas as air defense, anti-submarine warfare and protection of sea lanes in the Pacific.
- o China's hostility to the USSR is of great political and strategic importance; our goal is to solidify our developing relationship with China and to strengthen China's ability to resist Soviet intimidation. But the Sino-American strategic association must be handled with care, as Chinese interests and ambitions sometimes diverge from our own. We should strengthen Chinese defensive capabilities selectively while maintaining our strong support for the security of Taiwan.

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Beyond China and Japan, we will strengthan socurity cooperation with our Korean, Australian and New Zaland allies. We will also want to bolster support for the ASEAN states to promote their Western orientation and to strengthen their ability to stand up to Vietnames: and Soviet expansionism.

E. Refashioning East-West economic relations to make them consistent with broad US political-military objectives.

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Far from moderating Soviet political-military behavior, the extensive East-West economic ties of the past decade have created constituencies among our allies, some of thom are vulnerable to Soviet pressure. We need to define the guidelines for permissible East-West trade. I uture Western economic policy must meet three major criteria:

- o It must not increase the Soviet capacity to wage war. US policy will seek significantly improved controls over the transfer of technology important to military production and to industrial sectors that indirectly support military capability.
- o It must narrow opportunities for Soviet con mic leverage over the West. While recognizing the creater stake of our allies in commercial ties with the East, we must seek to limit and ultimately to reverse political vulne abilities arising from the growth of East-West economic and energy interdependence.
- o It must not unduly relieve general Sovie: resource constraints, associated political difficulties or responsibility for East European economic problems.

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F. Promoting Positive Trends in Eastern Eur pe.

Eastern Europe probably will have a more vol tile and dynamic character in the 1980s, posing major olitical management choices for Moscow. The current Polisi crisis forms an historic watershed for Soviet imperial policy. While Moscow doubtless will use force where noces ary to keep its bloc in order, the Polish experiment is lesting — and perhaps stretching — the limits of Soviet to erance.

us policy of jectives in Eastern Europe and to work with our allies to support greater internal 1 ber ilization, foreign policy autonomy and contacts with the West, while seeking to discourage Soviet intervention to loci indigenous reform movements.

-- In the slort term, assuming no Soviet intervention in Poland, we should confirm our differentiat de proach to East European states, seeking to improve r lat ons and be forthcoming with countries that are relatively liberal or independent, mile dealing with other East Europeans on the basis of strict reciprocity. A Soviet invision of Poland involving East European troops obvious y would freeze

Beyond China and Japan, we will strengthen security cooperation with our Korean, Australian, New Zealand and Philippine allies. We will also want to bolster support for the ASEAN states to promote their Western orientation and to strengthen their ability to stand up to Vietnamese and Soviet expansionism.

E. Refashioning East-West economic relations so that the Soviet Union is helped neither to strength itself militarily nor to escape the full costs of its internal problems.

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Far from moderating Soviet political-military behavior, the extensive East-West economic ties of the past decade have created constituencies among our allies, some of whom are vulnerable to Soviet pressure. We need to define the guidelines for permissible East-West trade. Future Western economic policy must meet three major criteria:

- o It must not increase the Soviet capacity to wage war. US policy will seek significantly improved controls over the transfer of technology important to military production and to industrial sectors that indirectly support military capability.
- o It must narrow opportunities for Soviet economic leverage over the West. While recognizing the greater stake of our allies in commercial ties with the East, we must try to cap and ultimately reverse political vulnerabilities arising from the growth of East-West economic and energy interdependence.
- o It must not ease Soviet resource constraints or associated political difficulties by relieving Moscow of the burdens of its own economic problems or of responsibility for those of Eastern Europe.

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F. Promoting Positive Trends in Eastern Europe.

Eastern Europe probably will have a more volatile and dynamic character in the 1980s, posing major political management choices for Moscow. The current Polish crisis forms an historic watershed for Soviet imperial policy. While Moscow doubtless will use force where necessary to keep its bloc in order, the Polish experiment is testing -- and perhaps stretching -- the limits of Soviet tolerance.

US policy objectives in Eastern Europe are to work with our allies to support greater internal liberalization,

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foreign policy autonomy and contacts with the West, while seeking to discourage Soviet intervention to block indigenous reform movements.

-- In the short term, assuming no Soviet intervention in Poland, we should confirm our differentiated approach to East European states, seeking to improve relations and be forthcoming with countries that are relatively liberal or independent, while dealing with other East Europeans on the basis of strict reciprocity. A Soviet invasion of Poland involving East European troops obviously would freeze relations for a protracted period and present major strategic questions for our East European policy. Whether there is an invasion or not, we must keep the pressure on Moscow to bear a large share of the economic burden.

In the longer-term, we seek to foster liberalization and autonomy by intensifying contacts. Endemic East European debt and economic problems should permit us to build increased economic ties with appropriate East European countries, thereby enhancing both our influence and their internal freedom of action. In doing so, we should employ established multilateral institutions, such as the IMF and Western creditor clubs, to avoid perpetuating chronic economic weaknesses. This strategy must be coordinated with our allies, banks, unions and private groups.

G. Gaining the ideological initiative by spotlighting the deficiencies of the Soviet system.

The long-term weaknesses of the Soviet system can be encouraged in part simply by telling the truth about the USSR. The Soviet Union faces nascent problems among its nationalities (particularly in the Baltic states and among Muslim groups in Central Asia) and from its own working class. The United States should provide ICA with increased resources to step up broadcasting activities, where needed, to the Soviet Union, the satellites, Soviet Third World clients and countries important to US interests, highlighting the economic and moral failings of Moscow and its allies.

The expansionist international behavior of the Soviet Union and its repressive, stagnant internal system make it vulnerable to a moral counter-attack. Yet the US must also offer a positive vision of the future. By promoting peaceful democratic change, US policy will be able to give substance to this positive view and prevent the emergence of Soviet opportunities.

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H. Maintaining effective communication with the Soviet Union.

A regular US/Soviet dialogue is not incompatible with a more competitive US East-West policy. Indeed, effective communication is essential to prevent dangerous misunderstandings of our intentions and resolve, particularly at moments of high tension. We must ensure that the USSR neither exaggerates nor underestimates our purpose, and we should demonstrate our openness to constructive Soviet approaches.

Visible US/Soviet contacts -- and appropriate negotiations -- can be used in seeking to sustain political support at home and in allied countries for a competitive Western policy toward the USSR. But such contacts must not prevent us from vigorously defending our policies in public. Nor can they be allowed to divert us from necessary tough and costly measures by falsely suggesting that fundamental differences have been resolved. The Soviets can be expected to exploit such contacts and seek to convince our allies and our own public that negotiations should become a substitute for forceful political, economic and military measures.

Moscow also will make major efforts to divide us from our allies on these issues. We must firmly resist these Soviet efforts.

We need to subject all proposals for negotiations to rigorous USG and appropriate allied review and ensure that our participation and negotiating strategy are consistent with clearly defined Western interests. Certain negotiating forums can be useful for either arms control or political purposes; we should know the difference. In European arms control discussions, for example, we can challenge the Soviets to accept true parity at reduced levels; in other East-West forums, such as CSCE, we can challenge them to honor commitments made and to build East-West relations on the basis of strict reciprocity.

We must recognize that US/Soviet bilateral diplomacy can sometimes undermine our larger purposes. In Third World crisis areas, in particular, where we aim to work closely with our friends in building barriers to Soviet influence, the Soviet Union generally will not be helpful. We should recognize the limitations -- and disadvantages -- of seeking to involve Moscow in the peaceful resolution of regional disputes and should not expand or legitimize the Soviet role. Instead, the West should exploit its singular capacity to

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work with the key parties to such disputes. Finally, if in the longer term the Soviet Union seeks to deal with its internal or international liabilities through genuine cooperation with the West, we should be prepared to conduct meaningful negotiations, ensuring that our overall interests are protected.